

Executive Summary Report

Appraisal Date 1/1/2003 - 2004 Assessment Roll

Quadrant Name: Eastside King County Commercial Area

Previous Physical Inspection: 1/2002

Sales – Improved Analysis Summary:

Number of Sales: 221

Range of Sales Dates: 1/2000 – 2/2003

Sales – Ratio Study Summary:

	Improved Value	Sale Price	Ratio	COV
2002 Value	\$1,782,200	\$1,959,200	91.00%	16.73%
2003 Value	\$1,869,400	\$1,959,200	95.40%	9.16%
Change	+\$87,200		+4.40%	-7.57%
% Change	+4.89%		+4.84%	-45.25%

*COV is a measure of uniformity, the lower the number the better the uniformity. The negative figures of -7.57% and -45.25% actually represent an improvement.

Sales used in Analysis: All sales verified as good were included in the analysis.

Population - Parcel Summary Data:

	Land	Imps	Total
2002 Value	\$4,768,855,550	\$4,610,525,831	\$9,379,381,381
2003 Value	\$5,071,338,500	\$4,646,059,200	\$9,717,397,700
Percent Change	+6.34%	+0.77%	+3.60%

Number of Parcels in the Population: 4,098 improved parcels (not including specialties)

Conclusion and Recommendation:

Since the values recommended in this report improve uniformity, assessment level and equity, we recommend posting them for the 2003 Assessment Roll.

Analysis Process

Highest and Best Use Analysis

As if vacant: Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000.00 is assigned to the improvements.

Standards and Measurement of Data Accuracy:

Special Assumptions, Departures and Limiting Conditions

The sales comparison, cost, and income approaches were considered for this mass appraisal valuation.

The following Departmental guidelines were considered and adhered to:

- Sales from 1/2000 to 1/2003(at minimum) were considered in all analyses.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of three years of market information without time adjustments averaged any net changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: East King County

Areas 75, 80, 85, 90, & 95

Boundaries:

West – Lake Washington

North – Snohomish County

East – Kittitas County

South – “The Highlands” in Renton

Maps:

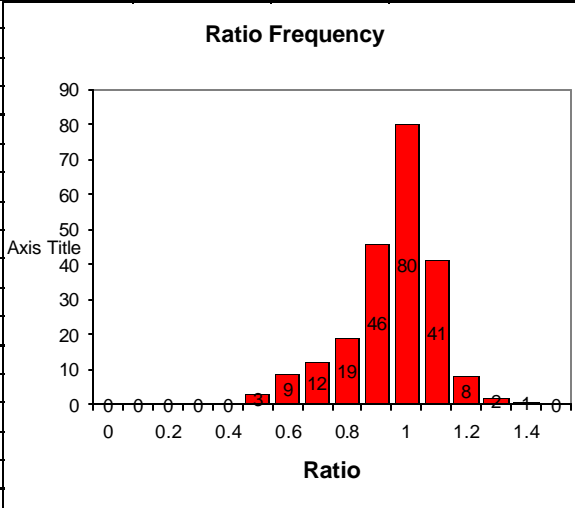
A general map of the area is included in this report. More detailed Assessor’s maps are located on the 7th floor of the King County Administration Building.

Preliminary Ratio Analysis

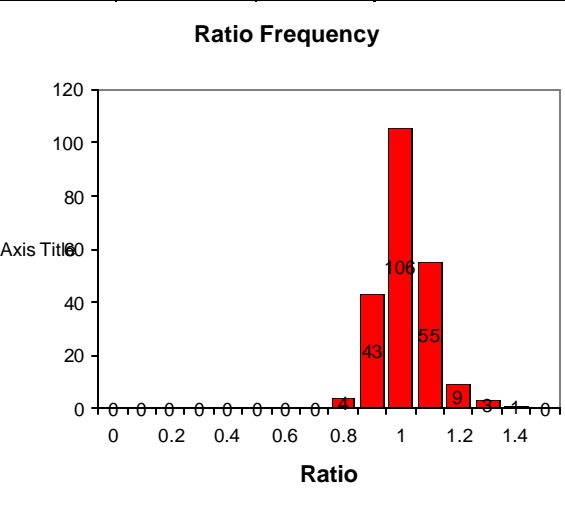
A Preliminary Ratio Study was done prior to the application of the 2003 recommended values. The study benchmarks the current assessment level using 2002 posted values and all current improved sales. The study showed a COV of 16.73%

The study was also repeated after application of the 2003 recommended values. The results are included in the validation section of this report, showing a difference in the COV from 16.73% to 9.16%.

Present Improvement 2003 Ratio Calculation for 75, 80, 85, 90, and 95

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
East Crew	1/1/2002	4/9/2003	1/1/00 - 03/31/03
Area	Appr ID:	Prop Type:	Trend used?: Y / N
75, 80, 85, 90, & 95	CVEN	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	221	<div>Ratio Frequency</div>  <p>Axis Title</p> <p>Ratio</p>	
Mean Assessed Value	1,782,200		
Mean Sales Price	1,959,100		
Standard Deviation AV	3,414,944		
Standard Deviation SP	3,563,131		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.903	<div>These figures reflect current sales and their effect on the previous assessed values.</div>	
Median Ratio	0.932		
Weighted Mean Ratio	0.910		
UNIFORMITY			
Lowest ratio	0.4249		
Highest ratio:	1.3981		
Coefficient of Dispersion	12.00%		
Standard Deviation	0.1510		
Coefficient of Variation	16.73%		
Price-related Differential	0.99		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.913		
Upper limit	0.956		
95% Confidence: Mean			
Lower limit	0.883		
Upper limit	0.923		
SAMPLE SIZE EVALUATION			
N (population size)	4098		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1510		
Recommended minimum:	36		
Actual sample size:	221		
Conclusion:	OK		
NORMALITY			
Binomial Test			
# ratios below mean:	89		
# ratios above mean:	132		
z:	2.825225735		
Conclusion:	Non-normal		
*i.e., no evidence of non-normality			

Merge Improvement 2003 Ratio Calculation for 75, 80, 85, 90, and 95

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:																	
East Crew	1/1/2003	4/9/2003	1/1/00 - 03/31/03																	
Area	Appr ID:	Prop Type:	Trend used?: Y / N																	
75, 80, 85, 90, & 95	CVEN	Improvement	N																	
SAMPLE STATISTICS																				
Sample size (n)	221	<div><p>Ratio Frequency</p><p>Axis Title</p><p>Ratio</p><table border="1"><caption>Histogram Data</caption><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.8</td><td>5</td></tr><tr><td>0.9</td><td>43</td></tr><tr><td>1.0</td><td>106</td></tr><tr><td>1.1</td><td>55</td></tr><tr><td>1.2</td><td>9</td></tr><tr><td>1.3</td><td>3</td></tr><tr><td>1.4</td><td>1</td></tr></tbody></table></div>			Ratio	Frequency	0.8	5	0.9	43	1.0	106	1.1	55	1.2	9	1.3	3	1.4	1
Ratio	Frequency																			
0.8	5																			
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1.0	106																			
1.1	55																			
1.2	9																			
1.3	3																			
1.4	1																			
Mean Assessed Value	1,869,400																			
Mean Sales Price	1,959,100																			
Standard Deviation AV	3,385,653																			
Standard Deviation SP	3,563,131																			
ASSESSMENT LEVEL																				
Arithmetic mean ratio	0.969	<div><p>These figures reflect current sales and current assessed values.</p></div>																		
Median Ratio	0.978																			
Weighted Mean Ratio	0.954																			
UNIFORMITY																				
Lowest ratio	0.7280																			
Highest ratio:	1.3125																			
Coefficient of Dispersion	6.71%																			
Standard Deviation	0.0887																			
Coefficient of Variation	9.16%																			
Price-related Differential	1.02																			
RELIABILITY																				
95% Confidence: Median																				
Lower limit	0.962																			
Upper limit	0.985																			
95% Confidence: Mean																				
Lower limit	0.957																			
Upper limit	0.981																			
SAMPLE SIZE EVALUATION																				
N (population size)	4098																			
B (acceptable error - in decimal)	0.05																			
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Recommended minimum:	13																			
Actual sample size:	221																			
Conclusion:	OK																			
NORMALITY																				
Binomial Test																				
# ratios below mean:	103																			
# ratios above mean:	118																			
z:	0.941741912																			
Conclusion:	Normal*																			
*i.e., no evidence of non-normality																				

USPAP Compliance

Client and Intended Use of the Appraisal:

This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a summary mass appraisal report as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Cards, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.

The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six-year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-12-330 **REAL PROPERTY VALUATION—HIGHEST AND BEST USE.**

All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use, which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly

located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Special assumptions and limiting conditions:

That no opinion as to title is rendered. Data on ownership and the legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions unless shown on the maps or property record cards. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

That rental areas herein discussed have been calculated in accord with standards developed by the American Standards Association as included in Real Estate Appraisal Terminology.

That the projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

That no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

That the appraiser is not qualified to detect the existence of potentially hazardous material, which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found. We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

Exterior inspections were made of all properties however, due to lack of access few received interior inspections.

The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

We appraise fee simple interest in every property. Unless shown on the Assessor's parcel maps, we do not consider easements as adversely affecting property value.

We have attempted to segregate personal property from the real estate in our appraisals.

We have not appraised movable equipment or fixtures as part of the real estate. We have appraised identifiable permanently fixed equipment with the real estate in accordance with RCW 84.04.090 and WAC 458-12-010.

We have considered the effect of value of those anticipated public and private improvements of which we have common knowledge. We can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.

The appraisers have no personal interest or bias toward any properties that they appraise.

Departure Provisions:

Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception

SR 6-2 (g)

The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.

MEMORANDUM

DATE: January 31, 2003

TO: Commercial Appraisers

FROM: Scott Noble, Assessor

SUBJECT: 2003 Revaluation for 2004 Tax Roll

The King County Assessor, as elected representative of the people of King County, is your client for the mass appraisal and summary report. The King County Department of Assessments subscribes to the Uniform Standards of Professional Appraisal Practice 2003. You will perform your appraisals and complete your summary mass appraisal reports in compliance with USPAP 2003. The following are your appraisal instructions and conditions:

1. You are to timely appraise the area or properties assigned to you by the revalue plan. The Departure Provision of USPAP may be invoked as necessary including special limiting conditions to complete the Revalue Plan.
2. You are to use all appropriate mass appraisal techniques as stated in USPAP, Washington State Law; Washington State Administrative Code, IAAO texts or classes.
3. The standard for validation models is the standard as delineated by IAAO in their Standard on Ratio Studies (approved 1999); and
4. Any and all other standards as published by the IAAO.
5. Appraise land as if vacant and available for development to its highest and best use [USPAP SR 6-2(i)]. The improvements are to be valued at their contribution to the total.
6. You must complete the revalue in compliance with all Washington and King County laws, codes and with due consideration of Department of Revenue guidelines. The Jurisdictional Exception is to be invoked in case USPAP does not agree with these public policies.
7. Physical inspections should be completed per the revaluation plan and statistical updates completed on the remainder of the properties as appropriate.
8. You must complete a written, summary, mass appraisal report for each area and a statistical update report in compliance with USPAP Standard 6.
9. All sales of land and improved properties should be validated as correct and verified with participants as necessary.
10. You must use at least two years of sales. No adjustments to sales prices shall be made to avoid any possibility of speculative market conditions skewing the basis for

taxation.

11. Continue to review dollar per square foot as a check and balance to assessment value.
12. The intended use of the appraisal and report is the administration of ad valorem property taxation.
13. The intended users include the Assessor, Board of Equalization, Board of Tax Appeals, King County Prosecutor and Department of Revenue.

SN:swr